

FY05-06 P&L

Summary

| | Monthly 2005 Actuals | | | | | | | | | | | |
|--------------------------------|----------------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|-------------------|-------------------|--------------------|--------------------|
| | Jan 05 | Feb 05 | Mar 05 | Apr 05 | May 05 | Jun 05 | Jul 05 | Aug 05 | Sep 05 | Oct 05 | Nov 05 | Dec 05 |
| Revenue | | | | | | | | | | | | |
| Network Banner Ads | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$15,057 |
| Direct Sales | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$15,057 |
| Cost of Goods Sold | | | | | | | | | | | | |
| Web Hosting | \$0 | \$178 | \$119 | \$308 | \$417 | \$1,133 | \$6,497 | \$5,897 | \$7,251 | \$16,852 | \$131,949 | \$212,747 |
| Data Center Rent | - | - | - | - | - | - | - | - | - | - | - | - |
| Data Center Depreciation | - | - | - | - | - | - | - | - | - | - | - | - |
| Datacenter Allocation | - | - | - | - | - | - | - | - | - | - | - | - |
| Ad Serving Costs | - | - | - | - | - | - | - | - | - | - | - | - |
| Total COGS | \$0 | \$178 | \$119 | \$308 | \$417 | \$1,133 | \$6,497 | \$5,897 | \$7,251 | \$16,852 | \$131,949 | \$212,747 |
| Gross Profit | \$0 | (\$178) | (\$119) | (\$308) | (\$417) | (\$1,133) | (\$6,497) | (\$5,897) | (\$7,251) | (\$16,852) | (\$131,949) | (\$197,690) |
| Operating Expenses | | | | | | | | | | | | |
| Compensation & Benefits | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$66,598 | \$87,055 | \$107,820 |
| Travel & Business Expenses | - | - | - | - | - | - | - | - | - | - | - | 733 |
| Insurance | - | - | - | - | - | - | - | - | - | - | 492 | 1,424 |
| Equipment Expenses | - | - | - | - | - | - | - | - | - | 758 | 1,999 | 3,384 |
| Communications Expenses | - | - | - | - | - | - | - | - | - | 55 | 41 | 3,550 |
| Marketing Expenses | - | - | - | - | - | - | - | - | 17,738 | - | 22,926 | 21,473 |
| Professional Fees | - | - | - | - | - | - | - | - | - | 8,925 | 15,750 | 13,251 |
| Facilities Expense | - | - | - | - | - | - | - | - | - | 404 | 9,519 | 12,293 |
| Employee Related Expenses | - | - | - | - | - | - | - | - | - | - | - | 2,838 |
| Bank & Finance Charges | - | - | - | - | - | - | - | - | - | 95 | 173 | 406 |
| Other Operating Expenses | - | - | - | - | - | - | - | - | - | - | - | 88 |
| Total Operating Expense | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$17,738 | \$76,834 | \$137,955 | \$167,259 |
| Net Ordinary Income | \$0 | (\$178) | (\$119) | (\$308) | (\$417) | (\$1,133) | (\$6,497) | (\$5,897) | (\$24,989) | (\$93,686) | (\$269,904) | (\$364,950) |
| Other Income/Expense | | | | | | | | | | | | |
| Interest Income | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$320 | \$10,203 |
| Interest Expense | - | - | - | - | - | - | - | - | - | (296) | - | - |
| Other Expense | - | - | - | - | - | - | - | - | - | - | - | - |
| State Income Tax | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Other Income | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$296) | \$320 | \$10,203 |
| Net Income | \$0 | (\$178) | (\$119) | (\$308) | (\$417) | (\$1,133) | (\$6,497) | (\$5,897) | (\$24,989) | (\$93,982) | (\$269,583) | (\$354,747) |

FY05-06 P&L

Summary

| | Monthly 2006 Actuals | | | | | | | |
|--------------------------------|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|--------------------|
| | Jan 06 | Feb 06 | Mar 06 | Apr 06 | May 06 | Jun 06 | Jul 06 | Aug 06 |
| Revenue | | | | | | | | |
| Network Banner Ads | \$133,091 | \$131,468 | \$22,117 | \$179,311 | \$404,032 | \$627,146 | \$519,719 | \$829,050 |
| Direct Sales | - | - | - | 20,000 | 16,710 | 125,000 | 352,768 | 1,667,986 |
| Total Revenue | \$133,091 | \$131,468 | \$22,117 | \$199,311 | \$420,742 | \$752,146 | \$872,487 | \$2,497,036 |
| Cost of Goods Sold | | | | | | | | |
| Web Hosting | \$397,643 | \$525,138 | \$657,827 | \$713,494 | \$630,190 | \$980,342 | \$951,870 | \$1,176,391 |
| Data Center Rent | - | 70,397 | 38,081 | 52,773 | 106,738 | 111,022 | 168,082 | 214,198 |
| Data Center Depreciation | - | - | - | 41,802 | 59,368 | 59,368 | 108,357 | 130,725 |
| Datacenter Allocation | - | - | - | 10,000 | 22,499 | 22,499 | 22,499 | 31,873 |
| Ad Serving Costs | - | - | - | - | - | - | 63 | 368,302 |
| Total COGS | \$397,643 | \$595,535 | \$695,909 | \$818,069 | \$868,794 | \$1,173,232 | \$1,250,870 | \$1,921,489 |
| Gross Profit | (\$264,552) | (\$464,066) | (\$673,792) | (\$618,758) | (\$448,052) | (\$421,086) | (\$378,383) | \$575,547 |
| Operating Expenses | | | | | | | | |
| Compensation & Benefits | \$147,687 | \$197,137 | \$222,504 | \$248,261 | \$251,090 | \$316,083 | \$518,294 | \$538,578 |
| Travel & Business Expenses | 100 | 1,784 | 8,253 | 4,058 | 7,201 | 9,686 | 15,608 | 19,989 |
| Insurance | 1,270 | 1,270 | 1,270 | 1,270 | 1,270 | 1,270 | 1,270 | 1,270 |
| Equipment Expenses | 2,430 | 3,412 | 4,792 | 3,548 | 1,981 | 3,776 | 2,905 | 2,715 |
| Communications Expenses | 1,846 | 2,941 | 3,017 | 2,722 | 3,526 | 3,436 | 7,262 | 5,374 |
| Marketing Expenses | 12,000 | 43 | 15,091 | 8,223 | 13,432 | 7,814 | 14,167 | 14,784 |
| Professional Fees | 34,785 | 27,472 | 27,674 | 39,721 | 32,840 | 90,147 | 50,354 | 61,366 |
| Facilities Expense | 12,153 | 13,605 | 14,665 | 14,918 | 15,319 | 18,365 | 20,301 | 20,160 |
| Employee Related Expenses | 1,126 | 1,050 | 1,883 | 2,530 | 4,431 | 9,247 | 9,373 | 5,539 |
| Bank & Finance Charges | 322 | 374 | 251 | 897 | 906 | 1,475 | 1,677 | 1,442 |
| Other Operating Expenses | 394 | 1,463 | 1,739 | 1,949 | 2,386 | 2,522 | 2,912 | 3,936 |
| Total Operating Expense | \$214,114 | \$250,551 | \$301,139 | \$328,098 | \$334,383 | \$463,820 | \$644,122 | \$675,152 |
| Net Ordinary Income | (\$478,665) | (\$714,617) | (\$974,931) | (\$946,856) | (\$782,435) | (\$884,906) | (\$1,022,505) | (\$99,606) |
| Other Income/Expense | | | | | | | | |
| Interest Income | \$9,557 | \$9,717 | \$10,489 | \$25,452 | \$23,562 | \$19,757 | \$19,477 | \$16,264 |
| Interest Expense | - | - | (11,416) | - | - | - | (10,825) | (25,194) |
| Other Expense | - | - | (0) | - | - | - | - | - |
| Slate Income Tax | - | (411) | (800) | - | - | - | - | - |
| Net Other Income | \$9,557 | \$9,306 | (\$1,727) | \$25,452 | \$23,562 | \$19,757 | \$8,651 | (\$8,930) |
| Net Income | (\$469,108) | (\$705,311) | (\$976,658) | (\$921,404) | (\$758,874) | (\$865,150) | (\$1,013,854) | (\$108,536) |

FY05-06 P&L

Details

| | Monthly 2005 Actuals | | | | | | | | | | |
|---|----------------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------|------------|
| | Jan 05 | Feb 05 | Mar 05 | Apr 05 | May 05 | Jun 05 | Jul 05 | Aug 05 | Sep 05 | | |
| Revenue | | | | | | | | | | | |
| Network Banner Ads | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Direct Sales | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Cost of Goods Sold | | | | | | | | | | | |
| Web Hosting | \$0 | \$178 | \$119 | \$308 | \$417 | \$1,133 | \$6,497 | \$5,897 | \$7,251 | | |
| Data Center Rent | - | - | - | - | - | - | - | - | - | - | - |
| Data Center Depreciation | - | - | - | - | - | - | - | - | - | - | - |
| Datacenter Allocation | - | - | - | - | - | - | - | - | - | - | - |
| Ad Serving Costs | - | - | - | - | - | - | - | - | - | - | - |
| Total COGS | \$0 | \$178 | \$119 | \$308 | \$417 | \$1,133 | \$6,497 | \$5,897 | \$7,251 | | |
| Gross Profit | \$0 | (\$178) | (\$119) | (\$308) | (\$417) | (\$1,133) | (\$6,497) | (\$5,897) | (\$7,251) | | |
| Expenses — Compensation & Benefits | | | | | | | | | | | |
| Salaries | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Officer Compensation | - | - | - | - | - | - | - | - | - | - | - |
| Contract Labor | - | - | - | - | - | - | - | - | - | - | - |
| Commissions | - | - | - | - | - | - | - | - | - | - | - |
| Severance | - | - | - | - | - | - | - | - | - | - | - |
| Employee Benefits | - | - | - | - | - | - | - | - | - | - | - |
| Employee Goodwill | - | - | - | - | - | - | - | - | - | - | - |
| Employee Relocation | - | - | - | - | - | - | - | - | - | - | - |
| Employee Bonus | - | - | - | - | - | - | - | - | - | - | - |
| Vacation Expense | - | - | - | - | - | - | - | - | - | - | - |
| Payroll Taxes | - | - | - | - | - | - | - | - | - | - | - |
| Total Compensation & Benefits | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Expenses — Travel & Business | | | | | | | | | | | |
| Airfare | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Lodging | - | - | - | - | - | - | - | - | - | - | - |
| Meals | - | - | - | - | - | - | - | - | - | - | - |
| Entertainment | - | - | - | - | - | - | - | - | - | - | - |
| Ground Transportation | - | - | - | - | - | - | - | - | - | - | - |
| Car Rental | - | - | - | - | - | - | - | - | - | - | - |
| Mileage Reimbursement | - | - | - | - | - | - | - | - | - | - | - |
| Other Travel | - | - | - | - | - | - | - | - | - | - | - |
| Total Travel & Business Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Expenses — Insurance | | | | | | | | | | | |
| General Liability | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

FY05-06 P&L

Details

| | Oct 05 | Nov 05 | Dec 05 |
|---|-------------------|--------------------|--------------------|
| Revenue | | | |
| Network Banner Ads | \$0 | \$0 | \$15,057 |
| Direct Sales | - | - | - |
| Total Revenue | \$0 | \$0 | \$15,057 |
| Cost of Goods Sold | | | |
| Web Hosting | \$16,852 | \$131,949 | \$212,747 |
| Data Center Rent | - | - | - |
| Data Center Depreciation | - | - | - |
| Datacenter Allocation | - | - | - |
| Ad Serving Costs | - | - | - |
| Total COGS | \$16,852 | \$131,949 | \$212,747 |
| Gross Profit | (\$16,852) | (\$131,949) | (\$197,690) |
| Expenses — Compensation & Benefits | | | |
| Salaries | \$39,230 | \$59,106 | \$76,667 |
| Officer Compensation | 16,667 | 16,667 | 16,667 |
| Contract Labor | 600 | 300 | 600 |
| Commissions | - | - | - |
| Severance | - | - | - |
| Employee Benefits | 592 | - | 750 |
| Employee Goodwill | - | - | - |
| Employee Relocation | - | - | - |
| Employee Bonus | - | - | - |
| Vacation Expense | 3,165 | 4,257 | 5,466 |
| Payroll Taxes | 6,344 | 6,726 | 7,671 |
| Total Compensation & Benefits | \$66,598 | \$87,055 | \$107,820 |
| Expenses — Travel & Business | | | |
| Airfare | \$0 | \$0 | \$0 |
| Lodging | - | - | - |
| Meals | - | - | - |
| Entertainment | - | - | 733 |
| Ground Transportation | - | - | - |
| Car Rental | - | - | - |
| Mileage Reimbursement | - | - | - |
| Other Travel | - | - | - |
| Total Travel & Business Expenses | \$0 | \$0 | \$733 |
| Expenses — Insurance | | | |
| General Liability | \$0 | \$0 | \$309 |

FY05-06 P&L

Details

| | Monthly 2006 Actuals | | | | | |
|---|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Jan 06 | Feb 06 | Mar 06 | Apr 06 | May 06 | Jun 06 |
| Revenue | | | | | | |
| Network Banner Ads | \$133,091 | \$131,468 | \$22,117 | \$179,311 | \$404,032 | \$627,146 |
| Direct Sales | - | - | - | 20,000 | 16,710 | 125,000 |
| Total Revenue | \$133,091 | \$131,468 | \$22,117 | \$199,311 | \$420,742 | \$752,146 |
| | | | | | | \$872,487 |
| Cost of Goods Sold | | | | | | |
| Web Hosting | \$397,643 | \$525,138 | \$657,827 | \$713,494 | \$680,190 | \$980,342 |
| Data Center Rent | - | 70,397 | 38,081 | 52,773 | 106,738 | 111,022 |
| Data Center Depreciation | - | - | - | 41,802 | 59,368 | 59,368 |
| Datacenter Allocation | - | - | - | 10,000 | 22,499 | 22,499 |
| Ad Serving Costs | - | - | - | - | - | 63 |
| Total COGS | \$397,643 | \$595,535 | \$695,909 | \$818,069 | \$868,794 | \$1,173,232 |
| | | | | | | \$1,250,870 |
| Gross Profit | (\$264,552) | (\$464,066) | (\$673,792) | (\$618,758) | (\$448,052) | (\$421,086) |
| | | | | | | (\$376,383) |
| Expenses — Compensation & Benefits | | | | | | |
| Salaries | \$105,955 | \$148,792 | \$167,692 | \$178,438 | \$184,089 | \$234,812 |
| Officer Compensation | 16,667 | 16,667 | 16,667 | 16,667 | 16,667 | 16,667 |
| Contract Labor | 900 | 940 | 3,244 | 11,927 | 6,950 | 11,211 |
| Commissions | - | - | - | - | - | - |
| Severance | - | 2,389 | - | 1,361 | 1,417 | - |
| Employee Benefits | 4,430 | 5,875 | 9,329 | 11,651 | 10,956 | 14,416 |
| Employee Goodwill | - | - | 50 | - | - | - |
| Employee Relocation | - | - | - | - | - | - |
| Employee Bonus | - | - | - | - | - | 4,072 |
| Vacation Expense | 5,757 | 8,108 | 10,343 | 11,645 | 12,935 | 10,000 |
| Payroll Taxes | 13,978 | 14,365 | 15,179 | 16,573 | 18,077 | 22,317 |
| Total Compensation & Benefits | \$147,687 | \$197,137 | \$222,504 | \$248,261 | \$251,090 | \$316,083 |
| | | | | | | \$518,294 |
| Expenses — Travel & Business | | | | | | |
| Airfare | \$0 | \$1,135 | \$1,503 | \$2,179 | \$2,546 | \$2,950 |
| Lodging | - | 507 | 5,918 | 871 | 2,697 | 2,671 |
| Meals | - | 44 | 188 | 245 | 276 | 2,318 |
| Entertainment | - | - | - | - | 415 | - |
| Ground Transportation | 20 | 53 | 407 | 314 | 676 | 1,330 |
| Car Rental | - | - | 238 | 448 | 592 | 416 |
| Mileage Reimbursement | 80 | - | - | - | - | - |
| Other Travel | - | 45 | - | - | - | - |
| Total Travel & Business Expenses | \$100 | \$1,784 | \$8,253 | \$4,058 | \$7,201 | \$9,686 |
| | | | | | | \$15,608 |
| Expenses — Insurance | | | | | | |
| General Liability | \$154 | \$154 | \$154 | \$154 | \$154 | \$154 |

FY05-06 P&L

Details

| | Aug 06 |
|------------------------------------|-------------|
| Revenue | |
| Network Banner Ads | \$829,050 |
| Direct Sales | 1,667,986 |
| Total Revenue | \$2,497,036 |
| Cost of Goods Sold | |
| Web Hosting | \$1,176,391 |
| Data Center Rent | 214,198 |
| Data Center Depreciation | 130,725 |
| Datacenter Allocation | 31,873 |
| Ad Serving Costs | 368,302 |
| Total COGS | \$1,921,489 |
| Gross Profit | \$575,547 |
| Expenses — Compensation & Benefits | |
| Salaries | \$393,495 |
| Officer Compensation | 16,667 |
| Contract Labor | 8,591 |
| Commissions | 55,333 |
| Severance | - |
| Employee Benefits | 13,613 |
| Employee Goodwill | - |
| Employee Relocation | - |
| Employee Bonus | - |
| Vacation Expense | 14,879 |
| Payroll Taxes | 35,999 |
| Total Compensation & Benefits | \$538,578 |
| Expenses — Travel & Business | |
| Airfare | \$4,537 |
| Lodging | 7,852 |
| Meals | 1,264 |
| Entertainment | - |
| Ground Transportation | 5,281 |
| Car Rental | 1,056 |
| Mileage Reimbursement | - |
| Other Travel | - |
| Total Travel & Business Expenses | \$19,989 |
| Expenses — Insurance | |
| General Liability | \$154 |

FY05-06 P&L

Details

| | Monthly 2005 Actuals | | | | | | | | |
|------------------------------------|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | Jan 05 | Feb 05 | Mar 05 | Apr 05 | May 05 | Jun 05 | Jul 05 | Aug 05 | Sep 05 |
| Workers Compensation | - | - | - | - | - | - | - | - | - |
| Directors & Officers | - | - | - | - | - | - | - | - | - |
| Total Insurance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Expenses — Equipment | | | | | | | | | |
| Computer Equipment and Accessories | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Software | - | - | - | - | - | - | - | - | - |
| Repairs & Maintenance | - | - | - | - | - | - | - | - | - |
| Office Equipment & Furniture | - | - | - | - | - | - | - | - | - |
| Total Equipment Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

FY05-06 P&L

Details

| | Oct 05 | Nov 05 | Dec 05 |
|------------------------------------|--------|---------|---------|
| Workers Compensation | - | 492 | 492 |
| Directors & Officers | - | - | 624 |
| Total Insurance | \$0 | \$492 | \$1,424 |
| Expenses — Equipment | | | |
| Computer Equipment and Accessories | \$0 | \$528 | \$84 |
| Software | 758 | - | 167 |
| Repairs & Maintenance | - | - | - |
| Office Equipment & Furniture | - | 1,471 | 3,133 |
| Total Equipment Expenses | \$758 | \$1,999 | \$3,384 |

FY05-06 P&L

Details

| | Monthly 2006 Actuals | | | | | | |
|------------------------------------|----------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Jan 06 | Feb 06 | Mar 06 | Apr 06 | May 06 | Jun 06 | Jul 06 |
| Workers Compensation | 492 | 492 | 492 | 492 | 492 | 492 | 492 |
| Directors & Officers | 624 | 624 | 624 | 624 | 624 | 624 | 624 |
| Total Insurance | \$1,270 | \$1,270 | \$1,270 | \$1,270 | \$1,270 | \$1,270 | \$1,270 |
| Expenses — Equipment | | | | | | | |
| Computer Equipment and Accessories | \$669 | \$1,063 | \$1,216 | \$1,256 | \$722 | \$2,548 | \$1,005 |
| Software | 167 | 317 | 1,579 | 773 | 1,239 | 1,022 | 1,022 |
| Repairs & Maintenance | 345 | - | - | - | - | - | - |
| Office Equipment & Furniture | 1,249 | 2,032 | 1,998 | 1,519 | 20 | 206 | 877 |
| Total Equipment Expenses | \$2,430 | \$3,412 | \$4,792 | \$3,548 | \$1,981 | \$3,776 | \$2,905 |

FY05-06 P&L

Details

| | Aug 06 |
|------------------------------------|---------|
| Workers Compensation | 492 |
| Directors & Officers | 624 |
| Total Insurance | \$1,270 |
| Expenses — Equipment | |
| Computer Equipment and Accessories | \$938 |
| Software | 1,704 |
| Repairs & Maintenance | - |
| Office Equipment & Furniture | 73 |
| Total Equipment Expenses | \$2,715 |

FY05-06 P&L

Details

Highly Confidential

| | Monthly 2005 Actuals | | | | | | | | | |
|--------------------------------------|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------------|
| | Jan 05 | Feb 05 | Mar 05 | Apr 05 | May 05 | Jun 05 | Jul 05 | Aug 05 | Sep 05 | |
| Expenses — Communications | | | | | | | | | | |
| Telephone | | | | | | | | | | |
| Phone Usage | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Cell Phones & Pagers | - | - | - | - | - | - | - | - | - | - |
| Teleconferencing | - | - | - | - | - | - | - | - | - | - |
| Telephone - Other | - | - | - | - | - | - | - | - | - | - |
| Subtotal Telephone | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Postage | - | - | - | - | - | - | - | - | - | - |
| Internet Connectivity | - | - | - | - | - | - | - | - | - | - |
| Courier & Overnight Shipping | - | - | - | - | - | - | - | - | - | - |
| Printing & Reproduction | - | - | - | - | - | - | - | - | - | - |
| Total Communications Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Expenses — Marketing | | | | | | | | | | |
| Trade Shows | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$16,500 |
| Promotion | - | - | - | - | - | - | - | - | - | 1,238 |
| Public Relations | - | - | - | - | - | - | - | - | - | - |
| Market Research | - | - | - | - | - | - | - | - | - | - |
| Marketing Supplies | - | - | - | - | - | - | - | - | - | - |
| Total Marketing Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$17,738 |
| Expenses — Professional Fees | | | | | | | | | | |
| Legal | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Accounting | - | - | - | - | - | - | - | - | - | - |
| Consulting | - | - | - | - | - | - | - | - | - | - |
| Recruiting Consultant | - | - | - | - | - | - | - | - | - | - |
| Total Professional Fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Expenses — Facilities | | | | | | | | | | |
| Rent | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Security | - | - | - | - | - | - | - | - | - | - |
| Utilities | - | - | - | - | - | - | - | - | - | - |
| Office Supplies | - | - | - | - | - | - | - | - | - | - |
| Office Repairs & Maintenance | - | - | - | - | - | - | - | - | - | - |
| Licenses & Permits | - | - | - | - | - | - | - | - | - | - |
| Janitorial | - | - | - | - | - | - | - | - | - | - |
| Property Taxes | - | - | - | - | - | - | - | - | - | - |
| Total Facilities Expense | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Expenses — Employee Related | | | | | | | | | | |
| Recruiting Expense | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Job Posting | | | | | | | | | | |

FY05-06 P&L

Details

Highly Confidential

Expenses — Communications

| | Oct 05 | Nov 05 | Dec 05 |
|--------------------------------------|-------------|-------------|----------------|
| Telephone | | | |
| Phone Usage | \$0 | \$0 | \$563 |
| Cell Phones & Pagers | - | - | 164 |
| Teleconferencing | - | - | - |
| Telephone - Other | - | - | - |
| Subtotal Telephone | \$0 | \$0 | \$727 |
| Postage | - | 41 | 34 |
| Internet Connectivity | - | - | 2,226 |
| Courier & Overnight Shipping | - | - | - |
| Printing & Reproduction | 55 | - | - |
| Total Communications Expenses | \$55 | \$41 | \$3,550 |

Expenses — Marketing

| | | | |
|---------------------------------|------------|-----------------|-----------------|
| Trade Shows | \$0 | \$0 | \$0 |
| Promotion | - | 8,086 | 6,473 |
| Public Relations | - | 14,840 | 15,000 |
| Market Research | - | - | - |
| Marketing Supplies | - | - | - |
| Total Marketing Expenses | \$0 | \$22,926 | \$21,473 |

Expenses — Professional Fees

| | | | |
|--------------------------------|----------------|-----------------|-----------------|
| Legal | \$300 | \$15,000 | \$11,476 |
| Accounting | 2,625 | 750 | 1,775 |
| Consulting | 6,000 | - | - |
| Recruiting Consultant | - | - | - |
| Total Professional Fees | \$8,925 | \$15,750 | \$13,251 |

Expenses — Facilities

| | | | |
|---------------------------------|--------------|----------------|-----------------|
| Rent | \$0 | \$9,038 | \$9,038 |
| Security | - | - | - |
| Utilities | - | 331 | 328 |
| Office Supplies | 404 | - | 2,619 |
| Office Repairs & Maintenance | - | 150 | 24 |
| Licenses & Permits | - | - | - |
| Janitorial | - | - | 285 |
| Property Taxes | - | - | - |
| Total Facilities Expense | \$404 | \$9,519 | \$12,293 |

Expenses — Employee Related

| | | | |
|--------------------|-----|-----|-----|
| Recruiting Expense | \$0 | \$0 | \$0 |
| Job Posting | | | |

FY05-06 P&L

Details

Highly Confidential

Expenses — Communications

Telephone

Phone Usage
Cell Phones & Pager's
Teleconferencing
Telephone - Other

Subtotal Telephone
Postage
Internet Connectivity
Courier & Overnight Shipping
Printing & Reproduction

Total Communications Expenses

Expenses — Marketing

Trade Shows
Promotion
Public Relations
Market Research
Marketing Supplies

Total Marketing Expenses

Expenses — Professional Fees

Legal
Accounting
Consulting
Recruiting Consultant

Total Professional Fees

Expenses — Facilities

Rent
Security
Utilities
Office Supplies
Office Repairs & Maintenance
Licenses & Permits
Janitorial
Property Taxes

Total Facilities Expense

Expenses — Employee Related

Recruiting Expense

Job Posting

| | Monthly 2006 Actuals | | | | | | |
|--|----------------------|----------|----------|----------|----------|----------|----------|
| | Jan 06 | Feb 06 | Mar 06 | Apr 06 | May 06 | Jun 06 | Jul 06 |
| | \$182 | \$190 | \$743 | \$785 | \$1,608 | \$931 | \$2,030 |
| | 150 | 1,318 | 627 | 603 | 411 | 1,038 | 1,750 |
| | - | - | - | - | - | - | - |
| | 198 | - | - | - | - | - | - |
| | \$530 | \$1,508 | \$1,370 | \$1,388 | \$2,020 | \$1,969 | \$3,780 |
| | 6 | 249 | 272 | 124 | 166 | 149 | 1,456 |
| | 1,125 | 1,185 | 1,375 | 1,211 | 1,341 | 1,318 | 2,026 |
| | - | - | - | - | - | - | - |
| | 185 | - | - | - | - | - | - |
| | \$1,846 | \$2,941 | \$3,017 | \$2,722 | \$3,526 | \$3,436 | \$7,262 |
| | | | | | | | |
| | \$0 | \$0 | \$11,085 | \$0 | \$8,420 | \$1,191 | \$0 |
| | - | - | 1,581 | 1,224 | - | 5,000 | - |
| | 12,000 | 43 | 1,875 | 5,450 | 5,000 | 1,623 | 5,000 |
| | - | - | 550 | 299 | 12 | - | 9,167 |
| | - | - | - | 1,250 | - | - | - |
| | \$12,000 | \$43 | \$15,091 | \$8,223 | \$13,432 | \$7,814 | \$14,167 |
| | | | | | | | |
| | \$32,785 | \$25,922 | \$25,774 | \$37,971 | \$29,190 | \$75,647 | \$35,754 |
| | 2,000 | 1,550 | 1,600 | 1,750 | 3,650 | 2,000 | 1,100 |
| | - | - | 300 | - | - | - | - |
| | - | - | - | - | - | - | - |
| | \$34,785 | \$27,472 | \$27,674 | \$39,721 | \$32,840 | \$90,147 | \$50,354 |
| | | | | | | | |
| | \$9,038 | \$9,038 | \$9,038 | \$9,038 | \$9,038 | \$9,038 | \$9,038 |
| | - | - | - | - | 4,103 | 5,198 | 4,437 |
| | 330 | 1,659 | 991 | 973 | 721 | 635 | 1,656 |
| | 1,523 | 2,082 | 4,331 | 4,258 | 845 | 2,788 | 4,252 |
| | 836 | 214 | (403) | 85 | 85 | 85 | 85 |
| | 142 | 142 | 142 | 142 | 142 | 142 | 142 |
| | 285 | 470 | 565 | 421 | 385 | 480 | 522 |
| | - | - | - | - | - | - | 169 |
| | \$12,153 | \$13,605 | \$14,665 | \$14,918 | \$15,319 | \$18,365 | \$20,301 |

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FY05-06 P&L

Details

| | | Aug 06 |
|--------------------------------------|----------------------|-----------------|
| Expenses — Communications | | |
| Telephone | | |
| | Phone Usage | \$1,706 |
| | Cell Phones & Pagers | 1,954 |
| | Teleconferencing | 147 |
| | Telephone - Other | - |
| | | <u>\$3,807</u> |
| | | 248 |
| | | 1,318 |
| | | - |
| | | <u>\$5,374</u> |
| Total Communications Expenses | | |
| Expenses — Marketing | | |
| Trade Shows | | \$620 |
| Promotion | | 3,862 |
| Public Relations | | 1,000 |
| Market Research | | 9,167 |
| Marketing Supplies | | 135 |
| Total Marketing Expenses | | <u>\$14,784</u> |
| Expenses — Professional Fees | | |
| Legal | | \$46,217 |
| Accounting | | 1,550 |
| Consulting | | 13,599 |
| Recruiting Consultant | | - |
| Total Professional Fees | | <u>\$61,366</u> |
| Expenses — Facilities | | |
| Rent | | \$9,038 |
| Security | | 5,382 |
| Utilities | | 822 |
| Office Supplies | | 4,172 |
| Office Repairs & Maintenance | | 85 |
| Licenses & Permits | | 142 |
| Janitorial | | 519 |
| Property Taxes | | - |
| Total Facilities Expense | | <u>\$20,160</u> |
| Expenses — Employee Related | | |
| Recruiting Expense | Job Posting | \$229 |

FY05-06 P&L

Details

| | Monthly 2005 Actuals | | | | | | | | | | | |
|--|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | Jan 05 | Feb 05 | Mar 05 | Apr 05 | May 05 | Jun 05 | Jul 05 | Aug 05 | Sep 05 | | | |
| Recruiting Meals | - | - | - | - | - | - | - | - | - | - | - | - |
| Subtotal Recruiting Expense | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Dues and Subscriptions | - | - | - | - | - | - | - | - | - | - | - | - |
| Training & Seminars | - | - | - | - | - | - | - | - | - | - | - | - |
| Reference Materials | - | - | - | - | - | - | - | - | - | - | - | - |
| Employee Relations | - | - | - | - | - | - | - | - | - | - | - | - |
| Employee Office Meals | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Employee Related Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

FY05-06 P&L

Details

| | Oct 05 | Nov 05 | Dec 05 |
|--|--------|--------|---------|
| | - | - | - |
| | \$0 | \$0 | \$0 |
| | - | - | - |
| | - | - | - |
| | - | - | - |
| | - | - | - |
| | - | - | - |
| | - | - | 2,838 |
| | \$0 | \$0 | \$2,838 |

Recruiting Meals

Subtotal Recruiting Expense
Dues and Subscriptions
Training & Seminars
Reference Materials
Employee Relations
Employee Office Meals
Total Employee Related Expenses

FY05-06 P&L

Details

| | Monthly 2006 Actuals | | | | | | |
|--|----------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Jan 06 | Feb 06 | Mar 06 | Apr 06 | May 06 | Jun 06 | Jul 06 |
| Recruiting Meals | - | - | 26 | - | 73 | - | - |
| Subtotal Recruiting Expense | \$75 | \$225 | \$176 | \$265 | \$73 | \$0 | \$0 |
| Dues and Subscriptions | - | - | 135 | - | 417 | 417 | 417 |
| Training & Seminars | 150 | - | - | 1,145 | 1,495 | - | 500 |
| Reference Materials | - | - | - | 5 | 41 | - | - |
| Employee Relations | 220 | - | 360 | - | - | - | - |
| Employee Office Meals | 681 | 825 | 1,211 | 1,115 | 2,405 | 8,830 | 8,456 |
| Total Employee Related Expenses | \$1,126 | \$1,050 | \$1,883 | \$2,530 | \$4,431 | \$9,247 | \$9,373 |

FY05-06 P&L

Details

| | Aug 06 |
|--|---------|
| | 24 |
| | \$253 |
| | 417 |
| | - |
| | 61 |
| | - |
| | 4,808 |
| | \$5,539 |

Recruiting Meals

Subtotal Recruiting Expense
Dues and Subscriptions
Training & Seminars
Reference Materials
Employee Relations
Employee Office Meals
Total Employee Related Expenses

FY05-06 P&L

Details

| | Monthly 2005 Actuals | | | | | | | | | | |
|--|----------------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|-------------------|-----------------|------------|
| | Jan 05 | Feb 05 | Mar 05 | Apr 05 | May 05 | Jun 05 | Jul 05 | Aug 05 | Sep 05 | | |
| Expenses — Bank & Finance Charges | | | | | | | | | | | |
| Bank Service Charges | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Finance Charges | - | - | - | - | - | - | - | - | - | - | - |
| Payroll Preparation Fees | - | - | - | - | - | - | - | - | - | - | - |
| Bank & Finance Charges - Other | - | - | - | - | - | - | - | - | - | - | - |
| Total Bank & Finance Charges | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Operating Expenses | | | | | | | | | | | |
| Depreciation | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Charitable Contribution | - | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous Expenses | - | - | - | - | - | - | - | - | - | - | - |
| Total Other Operating Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Expense | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$17,738 | |
| Net Ordinary Income | \$0 | (\$178) | (\$119) | (\$308) | (\$417) | (\$1,133) | (\$6,497) | (\$5,897) | (\$24,989) | | |
| Other Income/Expense | | | | | | | | | | | |
| Interest Income | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Interest Expense | - | - | - | - | - | - | - | - | - | - | - |
| Other Expense | - | - | - | - | - | - | - | - | - | - | - |
| Slate Income Tax | - | - | - | - | - | - | - | - | - | - | - |
| Net Other Income | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Net Income | \$0 | (\$178) | (\$119) | (\$308) | (\$417) | (\$1,133) | (\$6,497) | (\$5,897) | (\$24,989) | | |

FY05-06 P&L

Details

| | Oct 05 | Nov 05 | Dec 05 |
|--|-------------------|--------------------|--------------------|
| Expenses — Bank & Finance Charges | | | |
| Bank Service Charges | \$95 | \$4 | \$49 |
| Finance Charges | - | - | 180 |
| Payroll Preparation Fees | - | 169 | 177 |
| Bank & Finance Charges - Other | - | - | - |
| Total Bank & Finance Charges | \$95 | \$173 | \$406 |
| Other Operating Expenses | | | |
| Depreciation | \$0 | \$0 | \$88 |
| Charitable Contribution | - | - | - |
| Miscellaneous Expenses | - | - | - |
| Total Other Operating Expenses | \$0 | \$0 | \$88 |
| Total Expense | \$76,834 | \$137,955 | \$167,259 |
| Net Ordinary Income | (\$93,686) | (\$269,904) | (\$364,950) |
| Other Income/Expense | | | |
| Interest Income | \$0 | \$320 | \$10,203 |
| Interest Expense | (296) | - | - |
| Other Expense | - | - | - |
| State Income Tax | - | - | - |
| Net Other Income | (\$296) | \$320 | \$10,203 |
| Net Income | (\$93,982) | (\$269,583) | (\$354,747) |

FY05-06 P&L

Details

| | Monthly 2006 Actuals | | | | | | |
|--|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| | Jan 06 | Feb 06 | Mar 06 | Apr 06 | May 06 | Jun 06 | Jul 06 |
| Expenses — Bank & Finance Charges | | | | | | | |
| Bank Service Charges | \$51 | \$48 | \$0 | \$642 | \$636 | \$582 | \$582 |
| Finance Charges | - | - | - | - | - | - | - |
| Payroll Preparation Fees | 270 | 326 | 251 | 255 | 271 | 893 | 1,050 |
| Bank & Finance Charges - Other | - | - | - | - | - | - | 45 |
| Total Bank & Finance Charges | \$322 | \$374 | \$251 | \$897 | \$906 | \$1,475 | \$1,677 |
| Other Operating Expenses | | | | | | | |
| Depreciation | \$394 | \$1,188 | \$1,739 | \$1,949 | \$2,386 | \$2,522 | \$2,912 |
| Charitable Contribution | - | 250 | - | - | - | - | - |
| Miscellaneous Expenses | - | 25 | - | - | - | - | - |
| Total Other Operating Expenses | \$394 | \$1,463 | \$1,739 | \$1,949 | \$2,386 | \$2,522 | \$2,912 |
| Total Expense | \$214,114 | \$250,551 | \$301,139 | \$328,098 | \$334,383 | \$463,820 | \$644,122 |
| Net Ordinary Income | (\$478,665) | (\$714,617) | (\$974,931) | (\$946,856) | (\$782,435) | (\$884,906) | (\$1,022,505) |
| Other Income/Expense | | | | | | | |
| Interest Income | \$9,557 | \$9,717 | \$10,489 | \$25,452 | \$23,562 | \$19,757 | \$19,477 |
| Interest Expense | - | - | (11,416) | - | - | - | (10,825) |
| Other Expense | - | - | (0) | - | - | - | - |
| Slate Income Tax | - | (411) | (800) | - | - | - | - |
| Net Other Income | \$9,557 | \$9,306 | (\$1,727) | \$25,452 | \$23,562 | \$19,757 | \$8,651 |
| Net Income | (\$469,108) | (\$705,311) | (\$976,658) | (\$921,404) | (\$758,874) | (\$865,150) | (\$1,013,854) |

FY05-06 P&L

Details

| | Aug 06 |
|--|--------------------|
| Expenses — Bank & Finance Charges | |
| Bank Service Charges | \$582 |
| Finance Charges | - |
| Payroll Preparation Fees | 860 |
| Bank & Finance Charges - Other | - |
| Total Bank & Finance Charges | \$1,442 |
| Other Operating Expenses | |
| Depreciation | \$3,936 |
| Charitable Contribution | - |
| Miscellaneous Expenses | - |
| Total Other Operating Expenses | \$3,936 |
| Total Expense | \$675,152 |
| Net Ordinary Income | (\$99,606) |
| Other Income/Expense | |
| Interest Income | \$16,264 |
| Interest Expense | (25,194) |
| Other Expense | - |
| State Income Tax | - |
| Net Other Income | (\$8,930) |
| Net Income | (\$108,536) |

FY 2006

Balance Sheet

Highly Confidential

| | Monthly 2006 Actuals | | | | | | |
|---|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Jan 06 | Feb 06 | Mar 06 | Apr 06 | May 06 | Jun 06 | Jul 06 |
| ASSETS | | | | | | | |
| <u>Checking / Savings</u> | | | | | | | |
| Checking - SVB | (\$1,608) | \$183,224 | \$5,996,188 | \$58,064 | \$5,016 | (\$17,137) | (\$10,930) |
| Checking (Old) | 18,327 | - | - | - | - | - | - |
| Money Market | 2,460,524 | 3,570,081 | 2,079,798 | 6,445,287 | 5,295,738 | 5,325,300 | 4,148,057 |
| Total Checking / Savings | \$2,477,243 | \$3,753,304 | \$8,075,985 | \$6,503,351 | \$5,300,755 | \$5,308,163 | \$4,137,127 |
| <u>Accounts Receivable</u> | | | | | | | |
| Accounts Receivable | \$137,811 | \$141,211 | \$71,584 | \$229,456 | \$470,387 | \$869,034 | \$1,151,345 |
| Accrued AR | - | - | - | - | - | 75,000 | 41,321 |
| Interest Receivable | 9,557 | 9,717 | 10,489 | 25,452 | 23,562 | 19,757 | 19,477 |
| Total Accounts Receivable | \$147,368 | \$150,928 | \$82,073 | \$254,907 | \$493,949 | \$963,791 | \$1,212,143 |
| <u>Other Current Assets</u> | | | | | | | |
| Prepaid Expenses | | | | | | | |
| Prepaid Product Cost | \$0 | \$213,007 | \$239,298 | \$124,544 | \$268,424 | \$165,977 | \$466,117 |
| Prepaid Insurance | 12,054 | 10,784 | 9,514 | 8,244 | 6,974 | 5,704 | 4,434 |
| Prepaid Rent | 9,038 | 9,038 | 9,038 | 9,038 | 9,038 | 33,158 | 9,038 |
| Prepaid License | 3,228 | 8,394 | 8,880 | 8,011 | 16,533 | 14,810 | 16,082 |
| Other Prepaid Expense | 27,890 | 36,029 | 27,083 | 32,327 | 36,274 | 63,241 | 81,771 |
| Subtotal Prepaid Expenses | \$52,210 | \$277,253 | \$293,813 | \$182,163 | \$337,242 | \$282,890 | \$577,442 |
| Restricted Cash | - | - | - | - | - | - | - |
| Undeposited Funds | 6,701 | 6,701 | 15,000 | - | - | - | - |
| Total Other Current Assets | \$58,911 | \$283,954 | \$308,813 | \$182,163 | \$337,242 | \$282,890 | \$577,442 |
| Total Current Assets | \$2,683,522 | \$4,188,186 | \$8,466,871 | \$6,940,422 | \$6,131,947 | \$6,554,844 | \$5,926,711 |
| <u>Fixed Assets</u> | | | | | | | |
| Computer Equipment | \$31,631 | \$51,015 | \$58,589 | \$66,968 | \$71,855 | \$82,387 | \$119,268 |
| Office Equipment | - | - | - | 999 | 999 | 999 | 999 |
| Furniture and Fixtures | 4,620 | 4,620 | 5,671 | 5,671 | 5,671 | 8,303 | 8,303 |
| Software | - | - | - | - | - | 2,390 | 2,390 |
| Leasehold Improvements | 3,812 | 3,812 | 3,812 | 5,929 | 5,929 | 5,929 | 5,929 |
| Construction in Progress | 6,752 | 12,365 | 1,146,170 | 1,504,872 | 2,137,251 | 3,886,580 | 4,669,026 |
| Construct in Prgrss - NO LOAN | - | - | - | - | - | 14,276 | 37,060 |
| Total Fixed Assets | \$46,815 | \$71,813 | \$1,214,242 | \$1,584,440 | \$2,221,706 | \$4,000,864 | \$4,842,974 |
| <u>Depreciation / Amortization</u> | | | | | | | |
| Computer Equipment | (\$430) | (\$1,309) | (\$2,726) | (\$4,353) | (\$6,213) | (\$8,209) | (\$10,498) |
| Office Equipment | - | - | - | - | (28) | (56) | (83) |
| Furniture and Fixtures | (52) | (107) | (175) | (242) | (310) | (377) | (476) |

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FY 2006

Balance Sheet

Highly Confidential

| | Aug 06 | 9/19/06 |
|---|--------------------|--------------------|
| ASSETS | | |
| <u>Checking / Savings</u> | | |
| Checking - SVB | (\$13,442) | \$203,169 |
| Checking (Old) | - | - |
| Money Market | <u>2,809,534</u> | <u>2,809,534</u> |
| Total Checking / Savings | \$2,796,092 | \$3,012,703 |
| <u>Accounts Receivable</u> | | |
| Accounts Receivable | \$3,134,723 | \$2,725,524 |
| Accrued AR | - | - |
| Interest Receivable | <u>16,264</u> | <u>16,264</u> |
| Total Accounts Receivable | \$3,150,987 | \$2,741,787 |
| <u>Other Current Assets</u> | | |
| Prepaid Expenses | | |
| Prepaid Product Cost | \$465,058 | \$497,720 |
| Prepaid Insurance | 3,164 | 3,164 |
| Prepaid Rent | 9,038 | 9,038 |
| Prepaid License | 18,010 | 18,010 |
| Other Prepaid Expense | <u>97,974</u> | <u>190,750</u> |
| Subtotal Prepaid Expenses | \$593,244 | \$718,682 |
| Restricted Cash | 200,000 | 200,000 |
| Undeposited Funds | <u>68,370</u> | <u>232,786</u> |
| Total Other Current Assets | \$861,614 | \$1,151,468 |
| Total Current Assets | \$6,808,693 | \$6,905,958 |
| <u>Fixed Assets</u> | | |
| Computer Equipment | \$121,554 | \$121,554 |
| Office Equipment | 999 | 999 |
| Furniture and Fixtures | 8,303 | 8,303 |
| Software | 2,390 | 2,390 |
| Leasehold Improvements | 5,929 | 5,929 |
| Construction in Progress | 4,669,026 | 4,669,026 |
| Construct in Progrss - NO LOAN | <u>37,060</u> | <u>37,060</u> |
| Total Fixed Assets | \$4,845,261 | \$4,845,261 |
| <u>Depreciation / Amortization</u> | | |
| Computer Equipment | (\$13,811) | (\$13,811) |
| Office Equipment | (111) | (111) |
| Furniture and Fixtures | (543) | (543) |

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FY 2006

Balance Sheet

| | Monthly 2006 Actuals | | | | | | |
|-----------------------------------|----------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| | Jan 06 | Feb 06 | Mar 06 | Apr 06 | May 06 | Jun 06 | Jul 06 |
| Software | - | - | - | - | - | - | (66) |
| Leasehold Improvements | - | (254) | (508) | (762) | (1,193) | (1,624) | (2,054) |
| Data Center | - | - | - | (41,802) | (101,170) | (160,538) | (288,895) |
| Total Depreciation / Amortization | (\$482) | (\$1,670) | (\$3,409) | (\$47,160) | (\$108,914) | (\$170,804) | (\$282,073) |
| Net Fixed Assets | \$46,333 | \$70,143 | \$1,210,834 | \$1,537,280 | \$2,112,792 | \$3,830,060 | \$4,560,901 |
| Other Assets — Deposits | \$7,500 | \$7,500 | \$7,500 | \$7,500 | \$7,500 | \$7,500 | \$7,500 |
| TOTAL ASSETS | \$2,737,355 | \$4,265,829 | \$9,685,204 | \$8,485,201 | \$8,252,238 | \$10,392,404 | \$10,495,113 |

Balance Sheet

| | Aug 06 | 9/19/06 |
|-----------------------------------|--------------|--------------|
| Software | (165) | (165) |
| Leasehold Improvements | (2,485) | (2,485) |
| Data Center | (399,620) | (399,620) |
| Total Depreciation / Amortization | (\$416,734) | (\$416,734) |
| Net Fixed Assets | \$4,428,527 | \$4,428,527 |
| Other Assets — Deposits | \$7,500 | \$7,500 |
| TOTAL ASSETS | \$11,244,720 | \$11,341,985 |

FY 2006

Balance Sheet

Highly Confidential

| | Monthly 2006 Actuals | | | | | |
|--|----------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| | Jan 06 | Feb 06 | Mar 06 | Apr 06 | May 06 | Jun 06 |
| LIABILITIES & EQUITY | | | | | | |
| Accounts Payable | | | | | | |
| Accounts Payable Trade | \$413,288 | \$641,788 | \$950,278 | \$651,392 | \$1,150,184 | \$2,887,882 |
| Accounts Payable - Payroll Tax | - | - | - | - | - | - |
| Total Accounts Payable | \$413,288 | \$641,788 | \$950,278 | \$651,392 | \$1,150,184 | \$2,887,882 |
| | | | | | | \$3,934,684 |
| | | | | | | 1,294 |
| | | | | | | \$3,935,978 |
| Total Other Current Liabilities | | | | | | |
| Notes Payable - Current | \$0 | \$2,000,000 | \$0 | \$0 | \$0 | \$230,418 |
| Accrued Vacation | 18,645 | 26,753 | 37,096 | 48,741 | 61,236 | 76,647 |
| Commissions Payable | - | - | - | - | - | - |
| Accrued Accounts Payable | 20,480 | 17,800 | 130,000 | 177,278 | - | 2,000 |
| Deferred Revenue | - | - | - | - | - | 100,000 |
| Total Other Current Liabilities | \$39,125 | \$2,044,553 | \$167,096 | \$226,020 | \$61,236 | \$409,065 |
| | | | | | | \$553,182 |
| Total Current Liabilities | \$452,412 | \$2,686,341 | \$1,117,374 | \$877,412 | \$1,211,420 | \$3,296,947 |
| | | | | | | \$4,489,159 |
| Notes Payable - LT | - | - | - | - | - | 919,788 |
| Total Liabilities | \$452,412 | \$2,686,341 | \$1,117,374 | \$877,412 | \$1,211,420 | \$4,216,735 |
| | | | | | | \$5,379,198 |
| Equity Series A | | | | | | |
| Series A | \$3,560,000 | \$3,560,000 | \$3,560,000 | \$3,560,000 | \$3,560,000 | \$3,560,000 |
| Series A Issuance Cost | (58,100) | (58,243) | (58,243) | (58,243) | (59,142) | (59,142) |
| Total Series A | \$3,501,900 | \$3,501,757 | \$3,501,757 | \$3,501,757 | \$3,500,858 | \$3,500,858 |
| Equity Series B | | | | | | |
| Series B | \$0 | \$0 | \$8,000,000 | \$8,000,000 | \$8,000,000 | \$8,000,000 |
| Series B Issuance Cost | - | - | (35,000) | (73,637) | (78,086) | (78,086) |
| Total Series B | \$0 | \$0 | \$7,965,000 | \$7,926,363 | \$7,921,914 | \$7,921,914 |
| Common Stock | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$207,250 | \$216,850 |
| Retained Earnings | (757,849) | (757,849) | (757,849) | (757,849) | (757,849) | (757,849) |
| Net Income | (469,108) | (1,174,420) | (2,151,077) | (3,072,482) | (3,831,355) | (4,696,505) |
| Total Equity | \$2,284,943 | \$1,579,488 | \$8,567,830 | \$7,607,789 | \$7,040,818 | \$6,175,669 |
| | | | | | | \$5,115,915 |
| TOTAL LIABILITIES & EQUITY | \$2,737,355 | \$4,265,829 | \$9,685,204 | \$8,485,201 | \$8,252,238 | \$10,392,404 |
| | | | | | | \$10,495,113 |

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FY 2006

Balance Sheet

Highly Confidential

| | Aug 06 | 9/19/06 |
|--|---------------------|---------------------|
| LIABILITIES & EQUITY | | |
| Accounts Payable | | |
| Accounts Payable Trade | \$1,833,120 | \$1,975,344 |
| Accounts Payable - Payroll Tax | 3,180 | 3,180 |
| Total Accounts Payable | \$1,836,300 | \$1,978,524 |
| Total Other Current Liabilities | | |
| Notes Payable - Current | \$1,024,562 | \$1,024,562 |
| Accrued Vacation | 113,411 | 113,411 |
| Commissions Payable | 221,666 | 221,666 |
| Accrued Accounts Payable | 21,550 | 3,100 |
| Deferred Revenue | 109,021 | 109,021 |
| Total Other Current Liabilities | \$1,490,209 | \$1,471,759 |
| Total Current Liabilities | \$3,326,509 | \$3,450,283 |
| Notes Payable - LT | 2,975,310 | 2,975,310 |
| Total Liabilities | \$6,301,819 | \$6,425,593 |
| Equity Series A | | |
| Series A | \$3,560,000 | \$3,560,000 |
| Series A Issuance Cost | (59,142) | (59,142) |
| Total Series A | \$3,500,858 | \$3,500,858 |
| Equity Series B | | |
| Series B | \$8,000,000 | \$8,000,000 |
| Series B Issuance Cost | (79,965) | (79,965) |
| Total Series B | \$7,920,035 | \$7,920,035 |
| Common Stock | \$268,850 | \$268,850 |
| Retained Earnings | (757,849) | (757,849) |
| Net Income | (5,988,994) | (6,015,503) |
| Total Equity | \$4,942,901 | \$4,916,392 |
| TOTAL LIABILITIES & EQUITY | \$11,244,720 | \$11,341,985 |

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